

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**

Cassopolis, Michigan

Report of Financial Statements

June 30, 2006

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August 12, 2006

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Lewis Cass Intermediate School District  
Cassopolis, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lewis Cass Intermediate School District, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lewis Cass Intermediate School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lewis Cass Intermediate School District as of June 30, 2006 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2006, on our consideration of Lewis Cass Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages i through ix and pages 22 through 24, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Education  
August 12, 2006

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the primary government of Lewis Cass Intermediate School District's basic financial statements. The additional information on pages 25 to 47 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

LEWIS CASS INTERMEDIATE SCHOOL DISTRICT  
Management Discussion and Analysis  
For the Year Ended June 30, 2006

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Our discussion and analysis of Lewis Cass Intermediate School District's financial performance, a GASB 34 requirement, provides an overview of the District's financial activities for the fiscal year ended June 30, 2005. This financial model was adopted by the Governmental Accounting Standards Board (GASB) in *Statement No. 34 Basic Financial Statements-and Management's discussion and Analysis-for State and Local Governments*, issued in June, 2000. This is the second year the District has been required to report under the provisions of GASB 34.

Lewis Cass Intermediate School District is located in Cass County and portions of Berrien, St. Joseph, and Van Buren Counties in the State of Michigan. The District serves the four local K-12 districts located within its boundaries.

Generally accepted account principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: ***Fund Financial Statements and District-Wide Financial Statements.***

### **Fund Financial Statements:**

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with the current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". The District's ***major*** instructional and instructional support activities are reported in three funds: the General Fund, and two Special Revenue Funds including the Special Education Fund and the Community Service Fund. Additional activities are reported in ***nonmajor*** governmental funds including: the School Lunch (Food Service) Fund, Debt Service Fund and Fiduciary Funds (Trust Fund and Agency Fund).

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Management Discussion and Analysis  
For the Year Ended June 30, 2006

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In the fund level financial statements purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of long-term debt is recorded as a financial resource. The current year's payments of principal and interest on debt are recorded as expenditures. Future debt obligations are not recorded.

**Major Governmental Funds Budgeting and Operating Highlights**

**General Fund:**

The District's expenses and outgoing transfers in the General Fund exceeded revenues and incoming transfers by \$155,395. The resulting decrease in General Fund equity is less than the original budget estimate of a \$433,832 deficit, and the final budget amendment of a \$287,065 deficit. Actual revenues of \$3,314,423 were \$19,682 below the original budget and \$5,946 below the final budget amendment.

The actual expenditures and outgoing transfers of \$3,469,818 were \$298,119 below the original budget and \$137,615 below the final budget amendment.

**Special Education Fund:**

The total special education revenues and incoming transfers of \$6,693,078 were \$234,382 above the original budgeted amount and \$4,558 above the final budget amendment. Total expenses and outgoing transfers of \$6,323,336 were \$198,891 below the original budget and \$51,245 below the final amended budget.

Special education fund equity increased by \$369,742 compared with the original budgeted amount of a deficit \$63,531 and a final budgeted surplus of \$313,939.

**Community Service Fund:**

Final actual revenues in the Community Service Fund of \$3,932,419 were below the original budget and \$145,812 below the final amended budget. Final expenses and outgoing transfers of \$3,923,518 were also below the original budget and \$154,713 below the final amended budget amounts. There can be significant changes in the Community Service Fund operating results depending upon the timing of the various grants within the fund. Many of these funds are on a September 30 grant year cycle and there are typically multiple grant years involved during the District's June 30 fiscal year.

The Community Service Fund equity increased by \$8,901 ending with a balance of \$3,788.

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Management Discussion and Analysis  
For the Year Ended June 30, 2006

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A summary of the major governmental funds' operating results is shown in Table 1.

**Table 1**  
**Major Governmental Funds Budget &**  
**Actual Revenues and Expenditures**

	Original Budget	Final Budget June 2006	Final Actual 6/30/06	Variance Actual & Original Budget	Variance Actual & Final Budget
<b>General Fund</b>					
Revenues	3,334,105	3,320,369	3,314,423	-0.59%	-0.18%
Expenditures	3,767,937	3,607,434	3,469,818	-7.91%	-3.81%
Surplus (Deficit)	(433,832)	(287,065)	(155,395)	-64.18%	-45.87%
<b>Special Education Fund</b>					
Revenues	6,458,696	6,688,520	6,693,078	3.63%	0.07%
Expenditures	6,522,227	6,374,581	6,323,336	-3.05%	-0.80%
Surplus (Deficit)	(63,531)	313,939	369,742	-681.99%	17.78%
<b>Community Service Fund</b>					
Revenues	4,506,453	4,078,231	3,932,419	-12.74%	-3.58%
Expenditures	4,506,453	4,078,231	3,923,518	-12.94%	-3.79%
Surplus (Deficit)	0	0	8,901	n.a.	n.a.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2006**

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**District Wide Financial Statements:**

**Statement of Net Assets**

The District wide financial statements are full accrual statements. They report all of the District's assets and liabilities, both short-term and long-term, regardless if they are "currently available" or not. Capital assets and long-term obligations of the District are reported in the **Statement of Net Assets** of the District wide financial statements. This report presents a point in time "balance sheet" of assets and liabilities, both current and long-term, and the resulting net assets of the District for June 30, 2006 compared with June 30, 2005 (see Table 2).

**Table 2**  
**Statement of Net Assets**

	June 30, 2005	June 30, 2006
<b>Assets</b>		
Current Assets	4,332,963	4,819,107
Capital Assets	4,875,942	4,926,359
Less accumulated depreciation	(1,558,131)	(1,710,533)
Capital assets, net book value	3,317,811	3,215,826
<b>Total Assets</b>	<b>7,650,774</b>	<b>8,034,933</b>
<b>Liabilities</b>		
Current Liabilities	1,240,838	1,256,880
Long-term liabilities	411,497	377,696
<b>Total Liabilities</b>	<b>1,652,335</b>	<b>1,634,576</b>
<b>Net Assets</b>		
Capital assets, net book value	3,317,811	3,215,826
Capital assets, related debt	(464,346)	(236,951)
Total capital assets, net of related debt	2,853,465	2,978,875
Restricted	0	0
Unrestricted	3,144,974	3,421,482
<b>Total Net Assets</b>	<b>5,998,439</b>	<b>6,400,357</b>
<b>Total Liabilities and Net Assets</b>	<b>7,650,774</b>	<b>8,034,933</b>



**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2006**

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**Statement of Change in Net Assets (Statement of Activities)**

The **Statement of Change in Net Assets**, also referred to as the Statement of Activities, indicates the results of operations for the fiscal year. It summarizes the total revenues and expenses, and the resulting change in net assets of the District. Table 3 describes the District wide result of operations for the fiscal years ending June 30, 2005 and June 30, 2006.

**Table 3**  
**Statement of Change in Net Assets**  
**(Statement of Activities)**

	June 30, 2005	June 30, 2006
<b>Revenues</b>		
Program Revenues		
Charges for Services	443,130	709,937
Federal and State Categorical Grants	7,865,139	7,161,884
General Revenues		
Property Taxes	2,577,292	2,685,163
State Sources	3,090,349	2,796,354
Other	200,551	253,665
Total Revenues	14,176,461	13,607,003
<b>Expenses</b>		
Instruction	1,044,671	870,483
Support Services	7,065,189	7,141,502
Community Services	4,252,530	3,552,785
Food Service	78,893	83,087
Interest and Fees on Long-Term Debt	18,338	18,519
Transfers to Other Districts	1,501,147	1,323,790
Unallocated Depreciation	215,716	214,919
Total Expenses	14,176,484	13,205,085
<b>Increase in Net Assets</b>	(23)	401,918
<b>Beginning Net Assets</b>	5,998,462	5,998,439
<b>Ending Net Assets</b>	5,998,439	6,400,357

LEWIS CASS INTERMEDIATE SCHOOL DISTRICT  
Management Discussion and Analysis  
For the Year Ended June 30, 2006

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**Analysis of Financial Position:**

As illustrated in Table 3, the District's net assets increased by \$401,918 during the fiscal year ended June 30, 2006. The overall condition of the combined funds remains extremely strong for the District. The general fund and the special education fund ended the year with net operating income greater than that indicated in their respective adopted budgets.

The *general fund* realized a \$155,395 decrease in fund equity. The ending fund balance of \$2,401,612 represents approximately 69% of current operating expenses. The undesignated portion of the fund balance, \$1,597,632 represents 46% of operating expenses. This is a very favorable position that will permit the fund to operate without concern of available cash or the need to borrow during the 2006-2007 fiscal year.

The *special education fund* operated with a \$369,742 surplus during the 2005-2006 fiscal year. The ending fund balance of \$1,155,494 represents approximately 18% of current operating expenses. While there is no educational industry standard for fund equity, it is generally agreed that a fund equity approximating 15% of current operating expenses should provide adequate fiscal protection making this a favorable position. The final bonded debt payment on the Dowagiac, MI building was made during the 2005-2006 fiscal year so that the District will realize an annual cash basis savings of approximately \$100,000.

The *community service* fund operates on a flow-through basis for various grants. The District operates as a subcontractor for Michigan Works and other agencies. The grant contracts are typically for a one-year period, after which time all funds are normally fully expensed. At the end of the 2005-2006 fiscal year, this fund had an equity balance of \$3,788. The total expenditures for the fiscal year were \$3,923,518.

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Management Discussion and Analysis  
For the Year Ended June 30, 2006

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## **Capital Assets and Debt Administration:**

### **Capital Assets**

Under the provisions of GASB 34, the District now reports capital assets and accumulated depreciation. These were first reported for the fiscal year ended June 30, 2004. For all assets acquired prior to July 1, 2003 assets were reported at appraised original cost or, if available, at actual cost. The year of acquisition was identified and accumulated depreciation through June 30, 2003 was calculated. For assets acquired beginning July 1, 2003 assets are recorded at actual cost. The June 30, 2004 and June 30, 2005 financial reports reported the beginning amounts plus acquisitions, less disposals for each fiscal year, and also recognized additional depreciation for those years.

Acquisitions and disposal of District assets for fiscal year 2005-2006 were recorded and net depreciation in the amount of \$214,919 was recognized for the year. Total additions for the year were \$136,336. Assets disposed of during the year totaled \$85,919. At the end of fiscal year 2006, the District had \$4.93 million invested in land, buildings, site improvements, vehicles, furnishings and equipment. Of this amount \$1.71 million in depreciation has been taken over the years. As described above, these amounts are recognized in *the District-Wide Financial Statements but not in the Fund Financial Statements*.

### **Long-Term Debt**

Long term debt associated with the capital assets totaled \$236,951 as of June 30, 2006. This debt represents the District's share of the 1998 "Durant" bond issue. Durant bonds are not a direct liability of the District and are retired via payments by the State of Michigan, however for state accounting purposes school districts reflect a portion of the total state debt on their financial reports. The final local building bond payment of \$95,000 was made during the 2005-2006 fiscal year.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2006**

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**Table 4**  
**Capital Assets and Long-Term Debt**

	June 30, 2005	June 30, 2006
<b>Capital Assets</b>		
Land	60,000	60,000
Buildings & additions	3,328,797	3,338,137
Site improvements	183,013	192,663
Equipment and furniture	239,333	270,148
Vehicles	1,064,799	1,065,411
<b>Total Capital Assets</b>	<u>4,875,942</u>	<u>4,926,359</u>
 <b>Total Accumulated Depreciation</b>	 <u>(1,558,131)</u>	 <u>(1,710,533)</u>
 <b>Net Capital Assets</b>	 <u>3,317,811</u>	 <u>3,215,826</u>
 <b>Long-Term Capital Debt</b>		
Building bonds	95,000	0
Limited obligation Durant bonds	369,346	236,951
<b>Total Long-Term Capital Debt</b>	<u>464,346</u>	<u>236,951</u>
 <b>Total Capital assets Net of Related Debt</b>	 <u>2,853,465</u>	 <u>2,978,875</u>

### **Economic Factors and Next Year's Budgets:**

The economy in the state of Michigan continues to lag behind the national trend toward recovery. Basic state aid for intermediate school district general fund operations is anticipated to increase 3.1% or \$11,600 for 2006-2007, not nearly sufficient to recover the \$67,000 cut during the 2004-2005 fiscal year. The strong fund equity position the District maintains provides the financial base necessary to operate without major concern of overall fiscal deficits. The preliminary 2006-2007 general fund and special education fund budgets indicate a combined deficit of \$43,000 or less than one-half of one percent of the total \$9.1 million of expenses.

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Management Discussion and Analysis  
For the Year Ended June 30, 2006

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Other significant budgetary factors include the increase in state retirement from 16.34% of salary and wages last year to 17.74% beginning October 1, 2006, a nearly 9% increase. This factor alone will increase operating expenses of the general and special education funds by more than \$60,000.

After several years of double digit increases in health insurance costs, rates for 2006-2007 have increased by approximately 3.5%. This translates to an overall increase of approximately \$57,000 on the \$1.6 million total premium cost.

**Requests for Information:**

This report is designed to provide a general overview of the Lewis Cass Intermediate School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to:

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Chief Financial Officer  
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## BASIC FINANCIAL STATEMENTS

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
June 30, 2006

	<b>ASSETS</b>	<b>GOVERNMENTAL ACTIVITIES</b>
<b>CURRENT ASSETS:</b>		
Cash		\$ 1,658,358
Investments		2,028,208
Property taxes receivable		28,400
Accounts receivable		934
Prepaid expenses		12,003
Due from other governmental units		<u>1,091,204</u>
<b>TOTAL CURRENT ASSETS</b>		<u>4,819,107</u>
<b>NONCURRENT ASSETS:</b>		
Capital assets		4,926,359
Less accumulated depreciation		<u>(1,710,533)</u>
<b>TOTAL NONCURRENT ASSETS</b>		<u>3,215,826</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 8,034,933</u></u>
	<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES:</b>		
Accounts payable		\$ 175,026
Accrued salaries & withholdings		530,943
Accrued retirement payable		43,352
Accrued interest		1,410
Advances		400,585
Deferred revenue		76,263
Current portion of long term debt		29,301
Current portion of compensated absences		<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,256,880</u>
<b>NONCURRENT LIABILITIES:</b>		
Noncurrent portion of long term debt		207,650
Noncurrent portion of compensated absences		<u>170,046</u>
<b>TOTAL NONCURRENT LIABILITIES</b>		<u>377,696</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt		2,978,875
Unrestricted		<u>3,421,482</u>
<b>TOTAL NET ASSETS</b>		<u>6,400,357</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u><u>\$ 8,034,933</u></u>

The accompanying notes are an integral part of the financial statements.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:				
Instruction	\$ 913,143	\$ 90,267	\$ 697,130	\$ (125,745)
Support services	7,098,842	361,070	2,788,522	(3,949,251)
Community services	3,552,785		3,650,388	97,603
Food services	83,087	8,301	25,844	(48,942)
Transfers to other districts	1,323,790	250,299		(1,073,491)
Interest & fees on long-term debt	18,519		59,187	40,668
Unallocated depreciation	214,919			(214,919)
Total governmental activities	<u>\$ 13,205,085</u>	<u>\$ 709,937</u>	<u>\$ 7,221,071</u>	(5,274,077)
General revenues:				
Property taxes, levied for general purposes				2,685,163
State sources				2,737,167
Investment revenue				116,991
Miscellaneous				<u>136,674</u>
Total general revenue				<u>5,675,995</u>
Change in net assets				401,918
Net assets, beginning of year				<u>5,998,439</u>
Net assets, end of year				<u>\$ 6,400,357</u>

The accompanying notes are an integral part of the financial statements.



**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2006

	<u>SPECIAL REVENUE</u>		
	<u>GENERAL FUND</u>	<u>SPECIAL EDUCATION</u>	<u>COMMUNITY SERVICE</u>
<b><u>ASSETS</u></b>			
CURRENT ASSETS:			
Cash & cash equivalents	\$ 129,534	\$ 1,247,480	\$ 272,589
Investments	2,028,208		
Accounts receivable	-	-	273
Due from other funds	147,875	-	
Due from other governments	264,603	488,200	338,401
Prepaid expenditures	6,294	5,709	
<b>TOTAL ASSETS</b>	<b><u>\$ 2,576,514</u></b>	<b><u>\$ 1,741,389</u></b>	<b><u>\$ 611,263</u></b>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>			
LIABILITIES:			
Accounts payable	\$ 60,360	\$ 55,179	\$ 59,044
Accrued salaries & withholdings	46,125	479,583	302
Accrued retirement payable	771	42,185	-
Due to other funds	-	331	147,544
Due to school groups			
Advances			400,585
Deferred revenue	67,646	8,617	
<b>TOTAL LIABILITIES</b>	<b><u>174,902</u></b>	<b><u>585,895</u></b>	<b><u>607,475</u></b>
FUND BALANCE:			
Unreserved:			
Designated for compensated absences	53,980	116,066	
Designated for unemployment	750,000		
Undesignated	1,597,632	1,039,428	3,788
<b>TOTAL FUND BALANCE</b>	<b><u>2,401,612</u></b>	<b><u>1,155,494</u></b>	<b><u>3,788</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 2,576,514</u></b>	<b><u>\$ 1,741,389</u></b>	<b><u>\$ 611,263</u></b>

The accompanying notes are an integral part of the financial statements.

OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 8,755	\$ 1,658,358
-	2,028,208
661	934
-	147,875
-	1,091,204
-	12,003
<u>\$ 9,416</u>	<u>\$ 4,938,582</u>

\$ 443	\$ 175,026
4,933	530,943
396	43,352
-	147,875
-	-
-	400,585
-	76,263
<u>5,772</u>	<u>1,374,044</u>

	170,046
	750,000
<u>3,644</u>	<u>2,644,492</u>
<u>3,644</u>	<u>3,564,538</u>
<u>\$ 9,416</u>	<u>\$ 4,938,582</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Assets  
June 30, 2006

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 3,564,538</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	
The cost of the capital assets is	4,926,359
Accumulated depreciation is	(1,710,533)
Long term liabilities are not due and payable in the current period and are not reported in the funds	
Bonds and notes payable	(236,951)
Compensated absences	(170,046)
Accrued interest is not included as a liability in governmental funds; it is recorded when paid	(1,410)
Balance of taxes receivable at 6/30/06 less allowance for doubtful accounts	<u>28,400</u>
<b>Net Assets of Governmental Activities</b>	<b><u><u>\$ 6,400,357</u></u></b>

The accompanying notes are an integral part of the financial statements.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2006**

	<b>SPECIAL REVENUE</b>		
	<b>GENERAL FUND</b>	<b>SPECIAL EDUCATION</b>	<b>COMMUNITY SERVICE</b>
<b>REVENUES:</b>			
Local sources	\$ 532,013	\$ 2,869,119	\$ 1,917
State sources	498,358	1,826,332	275,001
Federal sources	1,638,707	1,846,945	3,650,388
<b>TOTAL REVENUES</b>	<b>2,669,078</b>	<b>6,542,396</b>	<b>3,927,306</b>
<b>EXPENDITURES:</b>			
Instruction		913,143	-
Supporting services	2,471,970	4,767,708	-
Community services		-	3,552,785
Food service activities		-	-
Principal & interest on debt		100,290	-
<b>TOTAL EXPENDITURES</b>	<b>2,471,970</b>	<b>5,781,141</b>	<b>3,552,785</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>197,108</b>	<b>761,255</b>	<b>374,521</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	435,583	102,290	5,113
Operating transfers out	(107,403)	(108,850)	(370,733)
Transfers from other districts	209,762	40,537	-
Transfer to other districts	(890,445)	(433,345)	-
Sale of fixed assets		7,855	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(352,503)</b>	<b>(391,513)</b>	<b>(365,620)</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES &amp; OTHER SOURCES (USES)</b>	<b>(155,395)</b>	<b>369,742</b>	<b>8,901</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>2,557,007</b>	<b>785,752</b>	<b>(5,113)</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 2,401,612</b>	<b>\$ 1,155,494</b>	<b>\$ 3,788</b>

The accompanying notes are an integral part of the financial statements.

<b>OTHER NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
\$ 8,564	\$ 3,411,613
196,663	2,796,354
25,844	7,161,884
<u>231,071</u>	<u>13,369,851</u>
	913,143
	7,239,678
	3,552,785
83,087	83,087
191,582	291,872
<u>274,669</u>	<u>12,080,565</u>
(43,598)	1,289,286
44,000	586,986
	(586,986)
	250,299
	(1,323,790)
	7,855
<u>44,000</u>	<u>(1,065,636)</u>
402	223,650
3,242	3,340,888
<u>\$ 3,644</u>	<u>\$ 3,564,538</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
June 30, 2006

**Total net change in fund balances--governmental funds** \$ 223,650

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets are allocated over their useful lives as depreciation:

Depreciation expense	(214,919)
Capital outlay	136,336

Losses on sale of fixed assets are recorded in the statement of activities; in the governmental funds the gross proceeds are recorded:

Difference between book loss and gross proceeds	(23,401)
---	----------

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable at the beginning of the year	47,367
Accrued interest payable at the end of the year	(1,410)

Repayments of principal on long-term debt are expenditures in the governmental funds, but not in the statement of activities (where they are reductions of liabilities):

Principal repayment	227,395
---------------------	---------

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Accrued revenue at the beginning of the year	(26,000)
Accrued revenue at the end of the year	28,400

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accrued absences at the beginning of the year	174,546
Accrued absences at the end of the year	(170,046)

<b>Change in net assets of governmental activities</b>	<b>\$ 401,918</b>
--	-------------------

The accompanying notes are an integral part of the financial statements.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2006

	<u>PRIVATE PURPOSE TRUST FUND</u>	<u>AGENCY FUNDS</u>	<u>TOTALS</u>
<b><u>ASSETS</u></b>			
Cash	\$ 28,059	\$ 194,800	\$ 222,859
<b><i>TOTAL ASSETS</i></b>	<b><u>\$ 28,059</u></b>	<b><u>\$ 194,800</u></b>	<b><u>\$ 222,859</u></b>
 <b><i>LIABILITIES AND FUND BALANCE</i></b>			
Liabilities:			
Due to other organizations		\$ 194,800	\$ 194,800
Fund Balance:			
Reserved for programs	\$ 28,059	-	28,059
<b><i>TOTAL LIABILITIES AND FUND BALANCE</i></b>	<b><u>\$ 28,059</u></b>	<b><u>\$ 194,800</u></b>	<b><u>\$ 222,859</u></b>

The accompanying notes are an integral part of the financial statements.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT  
NONEXPENDABLE TRUST FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2006**

REVENUES:	
Interest	<u>\$ 1,963</u>
EXPENDITURES:	
Scholarship	1,375
Administrative expense	<u>477</u>
TOTAL EXPENDITURES	<u>1,852</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES	111
FUND BALANCE - JULY 1	<u>27,948</u>
FUND BALANCE - JUNE 30	<u><u>\$ 28,059</u></u>

The accompanying notes are an integral part of the financial statements.



**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The basic financial statements of the Lewis Cass Intermediate School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**REPORTING ENTITY:**

The District receives funding from local, state, and federal government sources and must comply with all the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in GASB Statements #14 and #39, nor is the District a component unit of another entity.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has largely been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use, or directly benefit from goods or services by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the Intermediate School District and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District utilizes restricted resources to finance their respective, qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, investment income and other revenue.) The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues.)

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, (Continued):**

**Governmental Funds:**

Governmental funds are those funds through which most school district functions are typically financed. The acquisition, use, and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following **major** governmental funds:

The *General Fund* is the District's primary administration fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects). The District's **major** special revenue funds consist of the Special Education and Community Service Funds.

The District reports the following **nonmajor** governmental funds:

The *Special Revenue Funds* that are considered **nonmajor** consist of the School Service Fund.

**Fiduciary Funds:**

Fiduciary funds account for assets held by the district in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the district under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *Private Purpose Trust Fund* is accounted for using the accrual method of accounting. Private purpose trust funds account for assets where interest payments may be spent for student scholarships. These funds are not reported on the District's financial statements. The District's trust fund currently holds assets donated to the District.

The *Agency Fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION:**

**Accrual Method**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they were levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION, (Continued):**

**Modified Accrual Method**

Governmental funds are used to account for the District's general government activities. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

**State Revenue:**

The State of Michigan utilizes a foundation grant approach that provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2006, the foundation allowance was based on the pupil membership counts taken in February and September of 2005.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2005 to August 2006. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue.

**Federal Revenue:**

Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other grant requirements have been met.

**OTHER ACCOUNTING POLICIES:**

1. Cash and equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value and determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the districts intend to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**OTHER ACCOUNTING POLICIES, (Continued):**

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Property Taxes.

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2006, the District levied the following amounts per \$1,000 of assessed valuation:

<b><u>FUND</u></b>	<b><u>MILLS</u></b>
General Fund	.2101
Special Education Fund	2.1035

3. Inventories and Prepaid Items.

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventory consists of food products. Inventories for commodities are recorded as revenue when utilized. Reported inventories are equally offset by a fund balance reserve that indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Short-term Interfund Receivables/Payables.

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the Governmental Funds Balance Sheet.

5. Capital Assets.

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**OTHER ACCOUNTING POLICIES, (Continued):**

5. Capital Assets, (Continued).

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as followed:

Buildings and additions	50 years
Furniture and other equipment	5 – 15 years

The District's policy is to capitalize individual amounts exceeding \$3,000.

6. Compensated Absences.

Accumulated vacation and sick pay amounts which are expected to be liquidated with expendable available resources (generally sixty days) are recorded in the governmental funds using the modified accrual basis of accounting.

It is the policy of the District to allow for accumulation of unused sick days. Upon separation, accumulated sick days become vested after 10 years of accumulated employment and six months notice. They are payable at one-half of the employees current rate of pay for support staff and then the prevailing per diem substitute salary for administrative and professional staff for a maximum of 180 days.

7. Unemployment Insurance.

The District reimburses the Michigan Employment Security Agency (MESA) for the actual amount of unemployment benefits disbursed by the MESA on behalf of the District. Billings received for amounts paid by the MESA through June 30 are accrued, if material.

8. Deferred Revenues:

The unexpended balance of various federal and/or state categorical grants is carried forward as deferred revenue until the period in which eligible expenditures are incurred. Other monies collected in advance are also deferred.

9. Long-term obligations.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**OTHER ACCOUNTING POLICIES, (Continued):**

10. Use of Estimates.

The process of preparing basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2 - STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY:**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The District does not maintain a formalized encumbrance accounting system.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual (GAAP basis) - general and special funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated. Violations, if any, in the major funds are noted in the required supplementary information section.
4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. The budget as presented, has been amended; Supplemental appropriations were made during the year with the last one approved prior to June 30.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**NOTE 3 - CASH AND INVESTMENTS – CREDIT RISK:**

As of June 30, 2006, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Standard &amp; Poor's Rating</u>	<u>%</u>
MILAF External Investment pool – MIMAX	<u>\$2,028,208</u>	<u>0.0027</u>	AAAm	<u>100%</u>
Total fair value	<u>\$2,028,208</u>			
Portfolio weighted average maturity		<u>0.0027</u>		

1 day maturity equals 0.0027, one year equals 1.00

The district voluntarily invest certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2006, the fair value of the District's investments is the same as the value of the pool shares.

**Interest rate risk.** In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

**Concentration of credit risk.** The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial credit risk – deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2006, \$1,887,207 of the District's bank balance of \$2,187,207 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department of agent, but not in the District's name.

**Custodial credit risk – investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

**Foreign currency risk.** The District is not authorized to invest in investments which have this type of risk.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**NOTE 3 - CASH AND INVESTMENTS – CREDIT RISK, (Continued):**

The above amounts are reported in the financial statements as follows:

Cash Private Purpose Trust Fund	\$ 28,059
Cash Agency Fund	194,800
Cash – District wide	1,658,357
Investments – District wide	<u>2,028,208</u>
	<u><u>\$3,909,424</u></u>

**NOTE 4 - CAPITAL ASSETS:**

The following is a summary of changes in the District's capital assets:

	<u>BALANCE</u> <u>JULY 1, 2005</u>	<u>ADJUSTMENTS</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>BALANCE</u> <u>JUNE 30, 2006</u>
Assets not being depreciated – land	\$ 60,000				\$ 60,000
Depreciable capital assets:					
Buildings & Improvements	3,507,036	\$ 4,774	\$ 18,990	-	3,530,800
Equipment	293,353	(54,020)	30,815	-	270,148
Transportation	<u>1,015,553</u>	<u>49,246</u>	<u>86,531</u>	<u>\$85,919</u>	<u>1,065,411</u>
Subtotal depreciable capital assets	4,815,942	-	136,336	85,919	4,866,359
Accumulated depreciation:					
Buildings & Improvements	(948,863)	(2,864)	(66,049)	-	(1,017,776)
Office & Instructional					
Equipment	(158,341)	28,651	(36,920)	-	(166,610)
Transportation	<u>(450,927)</u>	<u>(30,477)</u>	<u>(111,950)</u>	<u>67,207</u>	<u>(526,147)</u>
Total accumulated depreciation	<u>(1,558,131)</u>	<u>(4,690)</u>	<u>(214,919)</u>	<u>67,207</u>	<u>(1,710,533)</u>
Net depreciable capital assets:	<u>3,257,811</u>	<u>(4,690)</u>	<u>78,583</u>	<u>18,712</u>	<u>3,155,826</u>
Net Capital Assets	<u><u>\$3,317,811</u></u>	<u><u>\$(4,690)</u></u>	<u><u>\$ 78,583</u></u>	<u><u>\$18,712</u></u>	<u><u>\$3,215,826</u></u>

Depreciation for the fiscal year ended June 30, 2006 amounted to \$214,919. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**OUTSTANDING DEBT:**

The following is a summary of long-term obligations for the District for the year ended June 30, 2006:

Limited obligation (Durant) bond, due in annual installments of \$38,750 - \$47,563 through May 2013, with interest of 4.76%.	\$236,951
Accumulated compensated absences	<u>170,046</u>
Total long-term debt	<u><u>\$406,997</u></u>



**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**NOTE 5 - LONG-TERM DEBT:**

**DEBT SERVICE REQUIREMENTS:**

The annual requirements to amortize long-term debt outstanding as of June 30, 2006 are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$ 29,309	\$11,282	\$ 40,591
2008	30,712	9,887	40,599
2009	32,175	8,424	40,599
2010	33,705	6,892	40,597
2011	35,310	5,288	40,598
2012-2013	<u>75,740</u>	<u>5,450</u>	<u>81,190</u>
	236,951	<u>\$47,223</u>	284,174
Accumulated Compensated Absences	<u>170,046</u>		<u>170,046</u>
TOTAL	<u>\$406,997</u>		<u>\$454,220</u>

**CHANGES IN LONG-TERM DEBT:**

Following is a summary of long-term debt transactions of the district for the year ended June 30, 2006:

	<u>ACCUMULATED SICK PAY</u>	<u>GENERAL OBLIGATION</u>
Long-term debt – July 1, 2005	\$174,546	\$464,346
Net increase in accumulated compensated absences	13,330	
Deductions:		
Special education bonds paid		(95,000)
Sick pay paid out	(17,830)	
Durant bonds paid	<u>-</u>	<u>(132,395)</u>
Total	<u>\$170,046</u>	<u>\$236,951</u>

Total interest expense amounted to \$18,519 for the year ended June 30, 2006.

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES:**

The following are the interfund receivables at June 30, 2006:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$147,875	
Special Education Fund		\$ 331
Community Service Fund	<u>          </u>	<u>147,544</u>
TOTAL	<u>\$147,875</u>	<u>\$147,875</u>

Funds were advanced from the General Fund to the Community Service Fund to meet current operating expenses. Funds were advanced from the Special Education Fund as a result of an expenditure made after the invoice was initially paid.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**NOTE 7 - OPERATING LEASES:**

The District has entered into non-cancelable leases for an office in Benton Harbor and a copier. The following schedule summarizes the minimum future payments for the years ended June 30:

2007	\$5,640
2008	2,220
2009	2,220

**NOTE 8 - RISK MANAGEMENT:**

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (worker's compensation) as well as medical benefits provided to employees. The School District has purchased commercial insurance for all claims, except vision and dental; the District is self-insured for vision and dental claims. Settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

At June 30, 2006, the liability for vision and dental claims that have been incurred through the end of the fiscal year, including both the claims that have been reported as well as those that have not been reported, is insignificant.

**NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN:**

Plan Description – The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer state-wide defined benefit public employee retirement plan governed by the State of Michigan. The MPERS provides retirement survivor and disability benefits and postretirement benefits for health, dental and vision for substantially all employees of the District. The MPERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan, 48909-7671 or by calling (800) 381-5111.

Funding Policy – Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; and 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Actuarial rate interest is posted to member accounts on July 1<sup>st</sup> on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rates for the year ended June 30, 2005 were 14.87% of payroll through September 30, 2005 and 16.34% effective October 1, 2005 through June 30, 2006. The contribution requirements of plan members and the District are established and may be amended by the MPERS Board of Trustees. The District contributions to MPERS for the years ended June 30, 2006, 2005, and 2004 were \$931,010, \$877,878, and \$761,225 respectively, and were equal to the required contribution for each year.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**NOTE 9 - EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN, (Continued):**

The District is not responsible for the payment of retirement benefits that is the responsibility of the State of Michigan.

Other Post-employment Benefits – Also within the MPSERS system, retirees have the option of health coverage, which is funded on a cash disbursement basis by the employers. The MPSERS has contracted to provide the comprehensive group medical, hearing, dental and vision coverages for retirees and beneficiaries. A significant portion of the premium is paid by the MPSERS with the balance deducted from the monthly pension.

**NOTE 10 – TRANSFERS**

Transfers were made between funds to supplement program costs. A summary is as follows:

	<b><u>Transfers To</u></b>	<b><u>Transfers From</u></b>
General Fund	\$435,583	\$107,403
Special Education Fund	102,290	108,850
Community Service Fund	5,113	370,733
Hot Lunch Fund	<u>44,000</u>	<u>-</u>
Total	<b><u>\$586,986</u></b>	<b><u>\$586,986</u></b>

## REQUIRED SUPPLEMENTARY INFORMATION

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	<b>BUDGET</b>			<b>VARIANCE- WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
REVENUE:				
Local sources	\$ 550,270	\$ 526,443	\$ 532,013	\$ 5,570
State sources	483,147	510,781	498,358	(12,423)
Federal sources	1,919,238	1,657,539	1,638,707	(18,832)
<b>TOTAL REVENUE</b>	<b>2,952,655</b>	<b>2,694,763</b>	<b>2,669,078</b>	<b>(25,685)</b>
EXPENDITURES:				
Supporting services				
General administration	358,226	348,305	333,229	15,076
Business services	264,110	341,694	323,742	17,952
Operation & maintenance	143,331	132,743	86,776	45,967
Other	2,030,767	1,770,170	1,728,223	41,947
<b>TOTAL EXPENDITURES</b>	<b>2,796,434</b>	<b>2,592,912</b>	<b>2,471,970</b>	<b>120,942</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>156,221</b>	<b>101,851</b>	<b>197,108</b>	<b>95,257</b>
OTHER FINANCING SOURCES (USES):				
Transfer from other funds	381,450	423,906	435,583	11,677
Transfer from other districts	-	201,700	209,762	8,062
Transfers to other funds	(102,290)	(102,290)	(107,403)	(5,113)
Transfers to other districts	(869,213)	(912,232)	(890,445)	21,787
Sale of school property				-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(590,053)</b>	<b>(388,916)</b>	<b>(352,503)</b>	<b>36,413</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(433,832)</b>	<b>(287,065)</b>	<b>(155,395)</b>	<b>131,670</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>2,557,007</b>	<b>2,557,007</b>	<b>2,557,007</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 2,123,175</b>	<b>\$ 2,269,942</b>	<b>\$ 2,401,612</b>	<b>\$ 131,670</b>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT****REQUIRED SUPPLEMENTARY INFORMATION****BUDGETARY COMPARISON SCHEDULE****SPECIAL EDUCATION FUND****FOR THE YEAR ENDED JUNE 30, 2006**

	<b>BUDGET</b>			<b>VARIANCE- WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>REVENUE:</b>				
Local sources	\$ 2,722,865	\$ 2,854,193	\$ 2,869,119	\$ 14,926
State sources	1,778,300	1,827,597	1,826,332	(1,265)
Federal sources	1,849,241	1,856,585	1,846,945	(9,640)
<b>TOTAL REVENUE</b>	<b>6,350,406</b>	<b>6,538,375</b>	<b>6,542,396</b>	<b>4,021</b>
<b>EXPENDITURES:</b>				
Instruction	901,320	928,232	913,143	15,089
Supporting services				
Executive administration	329,577	339,610	335,228	4,382
General administration	92,135	88,990	87,824	1,166
Business services	110,257	86,694	87,595	(901)
Operation & maintenance	223,465	212,570	194,797	17,773
Other	4,328,882	4,061,926	4,062,264	(338)
Principal & interest on debt	100,240	100,290	100,290	-
<b>TOTAL EXPENDITURES</b>	<b>6,085,876</b>	<b>5,818,312</b>	<b>5,781,141</b>	<b>22,082</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>264,530</b>	<b>720,063</b>	<b>761,255</b>	<b>41,192</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer from other funds	102,290	102,290	102,290	-
Transfer from other districts	6,000	40,000	40,537	537
Transfers to other funds	(102,851)	(109,851)	(108,850)	1,001
Transfers to other districts	(333,500)	(446,418)	(433,345)	13,073
Sale of fixed assets	-	7,855	7,855	-
<b>TOTAL OTHER FINANCING SOURCES SOURCES</b>	<b>(328,061)</b>	<b>(406,124)</b>	<b>(391,513)</b>	<b>14,611</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(63,531)</b>	<b>313,939</b>	<b>369,742</b>	<b>55,803</b>
<b>FUND BALANCE - JULY 1</b>	<b>785,752</b>	<b>785,752</b>	<b>785,752</b>	<b>-</b>
<b>FUND BALANCE - JUNE 30</b>	<b>\$ 722,221</b>	<b>\$ 1,099,691</b>	<b>\$ 1,155,494</b>	<b>\$ 55,803</b>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**COMMUNITY SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	<b>BUDGET</b>			<b>VARIANCE- WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
REVENUE:				
Local sources	-	-	\$ 1,917	\$ 1,917
State sources	-	\$ 209,454	275,001	65,547
Federal sources	\$ 4,506,453	3,868,777	3,650,388	(218,389)
<b>TOTAL REVENUE</b>	<b>4,506,453</b>	<b>4,078,231</b>	<b>3,927,306</b>	<b>(150,925)</b>
EXPENDITURES:				
Community services:				
Food Stamp	112,485	108,319	90,672	17,647
Welfare Reform	2,198,506	2,054,833	1,955,677	99,156
Employment Services	556,209	541,427	518,668	22,759
WIA	625,539	644,479	585,532	58,947
Statewide Activity	8,775	9,772	9,376	396
BH Youth Activity	140,730	178,255	182,788	(4,533)
WF Three Rivers	492,023	192,850	210,072	(17,222)
<b>TOTAL EXPENDITURES</b>	<b>4,134,267</b>	<b>3,729,935</b>	<b>3,552,785</b>	<b>177,150</b>
EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES	<u>372,186</u>	<u>348,296</u>	<u>374,521</u>	<u>26,225</u>
OTHER FINANCING SOURCES (USES):				
Transfer from other funds			5,113	5,113
Transfer from other districts				-
Transfers to other funds	(372,186)	(348,296)	(370,733)	(22,437)
Transfers to other districts	-	-	-	-
Sale of school property				-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(372,186)</u>	<u>(348,296)</u>	<u>(365,620)</u>	<u>(17,324)</u>
EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>8,901</u>	<u>8,901</u>
FUND BALANCE - JULY 1	<u>(5,113)</u>	<u>(5,113)</u>	<u>(5,113)</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ (5,113)</u>	<u>\$ (5,113)</u>	<u>\$ 3,788</u>	<u>\$ 8,901</u>

## ADDITIONAL INFORMATION



**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
June 30, 2006

	<u>DEBT RETIREMENT</u>	<u>SCHOOL SERVICE FUND</u>	<u>TOTAL</u>
<b><u>ASSETS</u></b>			
Cash & cash equivalent		\$ 8,755	\$ 8,755
Accounts receivable		661	661
Due from other governments		-	-
		<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ -</u></b>	<b><u>\$ 9,416</u></b>	<b><u>\$ 9,416</u></b>
<b><u>LIABILITIES &amp; FUND BALANCE</u></b>			
LIABILITIES:			
Accounts payable		\$ 443	\$ 443
Accrued salaries & withholdings		4,933	4,933
Accrued retirement payable		396	396
		<u>396</u>	<u>396</u>
<b>TOTAL LIABILITIES</b>		<u>5,772</u>	<u>5,772</u>
FUND BALANCES			
Undesignated		3,644	3,644
		<u>3,644</u>	<u>3,644</u>
<b>TOTAL FUND BALANCE</b>		<u>3,644</u>	<u>3,644</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ -</u></b>	<b><u>\$ 9,416</u></b>	<b><u>\$ 9,416</u></b>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	<b><u>DEBT RETIREMENT</u></b>	<b><u>SCHOOL SERVICE FUND</u></b>	<b><u>TOTAL</u></b>
<b>REVENUE:</b>			
Local sources	-	\$ 8,564	\$ 8,564
State sources	\$ 191,582	5,081	196,663
Federal sources	-	25,844	25,844
<b>TOTAL REVENUE</b>	<u>191,582</u>	<u>39,489</u>	<u>231,071</u>
<b>EXPENDITURES:</b>			
Food services		83,087	83,087
Principle redemption	132,395		132,395
Interest	59,187		59,187
<b>TOTAL EXPENDITURES</b>	<u>191,582</u>	<u>83,087</u>	<u>274,669</u>
<b>EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES</b>	<u>-</u>	<u>(43,598)</u>	<u>(43,598)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in - other funds	-	44,000	44,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>44,000</u>	<u>44,000</u>
<b>EXCESS (DEFICIT) OF REVENUE &amp; OTHER SOURCES OVER EXPENDITURES &amp; OTHER USES</b>	<u>-</u>	<u>402</u>	<u>402</u>
<b>FUND BALANCE - Beginning of Year</b>	<u>-</u>	<u>3,242</u>	<u>3,242</u>
<b>FUND BALANCE - End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ 3,644</u></u>	<u><u>\$ 3,644</u></u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**GENERAL FUND SCHEDULE OF REVENUE - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>LOCAL SOURCES</b>			
Current property tax	\$ 244,348	\$ 243,517	\$ (831)
Miscellaneous revenue			
Penalties & interest on delinquent taxes	40	42	2
Miscellaneous taxes	3,780	3,830	50
Earnings on investments & deposits	73,000	76,023	3,023
Other revenues			
Contracted transportation	-	-	-
Rent	106,300	106,317	17
Miscellaneous	98,975	102,284	3,309
Welfare Reform Reimbursement	-	-	-
<b>TOTAL LOCAL SOURCES</b>	<u>526,443</u>	<u>532,013</u>	<u>5,570</u>
<b>STATE SOURCES</b>			
General	374,098	374,098	-
State restricted other	74,054	60,321	(13,733)
Gifted and talented	-	-	-
Great Parents	31,264	32,574	1,310
Vocational Education	31,365	31,365	-
<b>TOTAL STATE SOURCES</b>	<u>510,781</u>	<u>498,358</u>	<u>(12,423)</u>
<b>FEDERAL SOURCES</b>			
Safe Schools	489,607	477,252	(12,355)
Families First	109,360	109,360	-
Medicaid Administrative Outreach	52,587	52,585	(2)
Perkins	717,044	717,044	-
Family Reunification	191,000	186,933	(4,067)
Tech Prep	23,630	23,630	-
Other	74,311	71,903	(2,408)
<b>TOTAL FEDERAL SOURCES</b>	<u>1,657,539</u>	<u>1,638,707</u>	<u>(18,832)</u>
<b>OTHER FINANCING SOURCES</b>			
Incoming transfer - Other districts	201,700	209,762	8,062
Incoming transfer - Other funds	423,906	435,583	11,677
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>625,606</u>	<u>645,345</u>	<u>19,739</u>
<b>TOTAL REVENUE &amp; OTHER SOURCES</b>	<u>\$ 3,320,369</u>	<u>\$ 3,314,423</u>	<u>\$ (5,946)</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**GENERAL FUND SCHEDULE OF EXPENDITURES -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>SUPPORTING SERVICES:</b>			
Perkins Grant:			
Professional salaries	\$ 27,000	\$ 27,001	\$ (1)
Non-Professional salaries	43,037	43,114	(77)
Insurance benefits	34,186	34,517	(331)
FICA	16,802	16,589	213
Purchased services	4,593	3,747	846
Supplies	3,518	4,168	(650)
Total Perkins Grant	<u>129,136</u>	<u>129,136</u>	<u>-</u>
Improvement Instruction:			
Title II & V	1,018	1,018	-
Great Parents Great Start:			
Professional salaries	18,774	18,774	-
Insurance benefits	2,561	2,561	-
FICA	4,388	4,377	11
Purchased services	4,720	4,716	4
Supplies	821	836	(15)
Total Improvement Instruction	<u>32,282</u>	<u>32,282</u>	<u>-</u>
Curriculum Development Grant			
Purchased services	3,760	3,750	10
Total Curriculum Development Grant	<u>3,760</u>	<u>3,750</u>	<u>10</u>
Technology			
Nonprofessional salaries	12,054	12,009	45
Insurance benefits	240	238	2
FICA	2,663	2,658	5
Purchased services	31,700	31,336	364
Supplies	35,000	28,625	6,375
Capital Outlay	-	-	-
Total Technology	<u>81,657</u>	<u>74,866</u>	<u>6,791</u>
Other Education Media Services			
Purchased services	-	-	-
General Administration:			
Professional salaries	105,695	105,635	60
Non-Professional salaries	34,200	34,201	(1)
Insurance & other employee benefits	69,860	69,276	584
FICA	40,700	40,539	161
Purchased services	81,150	70,259	10,891
Supplies	5,200	3,046	2,154
Capital Outlay	1,500	-	1,500
Other	10,000	10,273	(273)
Total General Administration	<u>348,305</u>	<u>333,229</u>	<u>15,076</u>
Other Pupil Services:			
Professional salaries	7,250	7,247	3
Insurance benefits	2,000	882	1,118
FICA	1,670	1,671	(1)
Total Other Pupil Services	<u>10,920</u>	<u>9,800</u>	<u>1,120</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**GENERAL FUND SCHEDULE OF EXPENDITURES -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Operation & Maintenance:			
Professional salaries	\$ 7,000	\$ 7,006	\$ (6)
Non-Professional salaries	16,550	16,549	1
Insurance benefits	8,790	8,791	(1)
FICA	7,140	7,132	8
Purchased services	22,450	15,352	7,098
Supplies	13,000	12,955	45
Capital Outlay - including Durant	57,813	18,991	38,822
Other	-	-	-
Total Operation & Maintenance	<u>132,743</u>	<u>86,776</u>	<u>45,967</u>
Business Services:			
Professional salaries	85,454	85,386	68
Non-Professional salaries	53,170	53,073	97
Insurance benefits	28,370	27,193	1,177
FICA & unemployment	99,300	93,995	5,305
Purchased services	52,750	48,443	4,307
Supplies	16,000	14,747	1,253
Capital Outlay	1,500	-	1,500
Other	5,150	905	4,245
Total Business Services	<u>341,694</u>	<u>323,742</u>	<u>17,952</u>
Central Services:			
Non-Professional salaries	6,360	6,357	3
Insurance benefits	3,400	3,399	1
FICA	1,510	1,500	10
Purchased services	3,200	2,631	569
Supplies	3,500	3,404	96
Total Central Services	<u>17,970</u>	<u>17,291</u>	<u>679</u>
Zero - Five Program			
Professional salaries	135,930	129,510	6,420
Non-Professional salaries	-	-	-
Insurance benefits	48,000	47,964	36
FICA	31,500	30,025	1,475
Purchased services	15,000	13,910	1,090
Supplies	5,000	4,303	697
Total Zero - Five Program	<u>235,430</u>	<u>225,712</u>	<u>9,718</u>
Adoption Support:			
Professional salaries	27,366	27,070	296
Non-Professional salaries	6,051	6,051	-
FICA	8,630	8,585	45
Insurance benefits	760	766	(6)
Purchased services	5,890	3,936	1,954
Supplies	350	137	213
Total Adoption Support	<u>49,047</u>	<u>46,545</u>	<u>2,502</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**GENERAL FUND SCHEDULE OF EXPENDITURES -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Tech Prep:			
Professional salaries	\$ 6,627	\$ 6,645	-
Non-Professional salaries	2,000	1,998	\$ 2
Insurance benefits	2,483	2,560	(77)
FICA	2,070	2,060	10
Purchased services	7,800	7,757	43
Supplies	2,650	2,610	40
Total Tech Prep	<u>23,630</u>	<u>23,630</u>	<u>-</u>
Statewide Activity:			
Non-Professional salaries	3,519	3,425	94
FICA	292	262	30
Supplies	-	-	-
Purchased services	1,000	1,000	-
Total Statewide Activity	<u>4,811</u>	<u>4,687</u>	<u>124</u>
Career Tech Dept. Manangement			
Professional salaries	37,300	37,846	(546)
Non-Professional salaries	2,800	2,794	6
Insurance benefits	12,500	10,731	1,769
FICA	9,500	9,516	(16)
Purchased services	2,200	1,537	663
Supplies	-	-	-
Total Career Tech Dept. Management	<u>64,300</u>	<u>62,424</u>	<u>1,876</u>
Curriculum			
Professional salaries	88,627	88,627	-
Non-Professional salaries	17,188	17,188	-
Insurance benefits	10,000	9,985	15
FICA	24,590	24,417	173
Purchased services	80,100	79,538	562
Supplies	1,200	1,300	(100)
Other	400	397	3
Total Curriculum	<u>222,105</u>	<u>221,452</u>	<u>653</u>
Adult Continuing Education			
Salaries	104,574	105,381	(807)
FICA	26,486	23,391	3,095
Purchased services	18,604	20,509	(1,905)
Supplies	22,336	16,774	5,562
Total Adult Continuing Education	<u>172,000</u>	<u>166,055</u>	<u>5,945</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**GENERAL FUND SCHEDULE OF EXPENDITURES -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Safe Schools:			
Professional salaries	\$ 100,660	\$ 100,659	\$ 1
Non-Professional salaries	28,744	28,744	-
Insurance benefits	40,904	40,694	210
FICA	29,520	29,521	(1)
Purchased services	29,067	28,924	143
Supplies	2,428	2,427	1
Miscellaneous	-	-	-
Total Safe Schools	<u>231,323</u>	<u>230,969</u>	<u>354</u>
Families First:			
Professional salaries	148,656	152,891	(4,235)
Non-Professional salaries	11,575	12,099	(524)
Insurance benefits	57,580	53,593	3,987
FICA	41,512	41,997	(485)
Purchased services	39,126	35,173	3,953
Supplies	3,655	1,963	1,692
Miscellaneous	-	-	-
Total Families First	<u>302,104</u>	<u>297,716</u>	<u>4,388</u>
WIA:			
Professional salaries	71,399	73,511	(2,112)
Non-Professional salaries	17,986	15,430	2,556
Insurance benefits	32,672	30,675	1,997
FICA	25,371	25,958	(587)
Purchased services	17,667	13,643	4,024
Supplies	1,150	655	495
Total WIA	<u>166,245</u>	<u>159,872</u>	<u>6,373</u>
Contracted Transportation:			
Professional salaries	7,606	7,606	-
Non-Professional salaries	3,990	3,003	987
Insurance benefits	1,540	1,380	160
FICA	4,006	3,757	249
Purchased services	6,308	6,290	18
Supplies	-	-	-
Capital outlay	-	-	-
Total Contracted Transportation	<u>23,450</u>	<u>22,036</u>	<u>1,414</u>
TOTAL EXPENDITURES	<u>2,592,912</u>	<u>2,471,970</u>	<u>120,942</u>
OTHER USES - OPERATING TRANSFERS			
Outgoing transfers - other funds	102,290	107,403	(5,113)
Operating transfers - other districts	912,232	890,445	21,787
TOTAL OTHER USES & TRANSFERS	<u>1,014,522</u>	<u>997,848</u>	<u>137,616</u>
TOTAL EXPENDITURES & OTHER FINANCING USES	<u>\$ 3,607,434</u>	<u>\$ 3,469,818</u>	<u>\$ 137,616</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF REVENUE - BUDGET & ACTUAL**  
June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>LOCAL SOURCES</b>			
Current Property Tax	\$ 2,451,365	\$ 2,439,246	\$ (12,119)
Miscellaneous Revenue			
Penalties & interest on delinquent taxes	400	347	(53)
Earnings on investments & deposits	40,000	40,968	968
Medicaid School Based Services	350,000	345,020	(4,980)
Hearing Impaired	-	-	-
Miscellaneous	12,428	43,538	31,110
<b>TOTAL LOCAL SOURCES</b>	<u>2,854,193</u>	<u>2,869,119</u>	<u>14,926</u>
<b>STATE SOURCES</b>			
Special education	1,779,097	1,779,097	-
Early on program	-	-	-
Mich. Rehab. Expansion grant	13,000	12,946	(54)
Wraparound Program	35,500	34,289	(1,211)
<b>TOTAL STATE SOURCES</b>	<u>1,827,597</u>	<u>1,826,332</u>	<u>(1,265)</u>
<b>FEDERAL SOURCES</b>			
IDEA Flowthrough	1,462,579	1,456,821	(5,758)
IDEA Preschool Incentive	51,421	51,452	31
Infant & Toddler Formula Grants	140,077	140,077	-
Medicaid Transportation Services	8,000	5,419	(2,581)
State Initiated	50,000	50,000	-
Transition Specialist	60,000	60,000	-
Capacity Building	-	-	-
Professional Development	-	-	-
Wraparound Program	81,418	80,086	(1,332)
Respite Care	3,090	3,090	-
<b>TOTAL FEDERAL SOURCES</b>	<u>1,856,585</u>	<u>1,846,945</u>	<u>(9,640)</u>
<b>OTHER FINANCING SOURCES</b>			
Incoming transfer - Other districts	40,000	40,537	537
Incoming transfer - Other funds	102,290	102,290	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>142,290</u>	<u>142,827</u>	<u>537</u>
<b>SALE OF FIXED ASSETS</b>	<u>7,855</u>	<u>7,855</u>	<u>-</u>
<b>TOTAL REVENUE &amp; OTHER SOURCES</b>	<u>\$ 6,688,520</u>	<u>\$ 6,693,078</u>	<u>\$ 4,558</u>



**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION:			
Preschool:			
Professional salaries	\$ 58,400	\$ 58,087	\$ 313
Non-Professional salaries	300	297	3
Insurance benefits	21,300	20,530	770
FICA	4,560	4,550	10
Retirement	9,550	9,591	(41)
Purchased services	1,250	984	266
Supplies	3,000	2,264	736
Other	-	-	-
Total Preschool	<u>98,360</u>	<u>96,303</u>	<u>2,057</u>
Trainable Mentally Impaired:			
Professional salaries	121,500	121,387	113
Non-Professional salaries	20,120	20,116	4
Insurance benefits	49,800	49,305	495
FICA	10,700	10,611	89
Retirement	22,900	22,874	26
Purchased services	300	237	63
Supplies	1,500	1,256	244
Total Trainable Mentally Impaired	<u>226,820</u>	<u>225,786</u>	<u>1,034</u>
Severally Mentally Impaired:			
Professional salaries	105,990	105,407	583
Non-Professional salaries	15,850	15,663	187
Insurance benefits	23,250	22,475	775
FICA	9,330	9,246	84
Retirement	11,500	12,635	(1,135)
Purchased services	10,800	9,568	1,232
Supplies	20,000	19,248	752
Total Severally Mentally Impaired	<u>196,720</u>	<u>194,242</u>	<u>2,478</u>
Educable Mentally Impaired:			
Professional salaries	74,665	74,635	30
Non-Professional salaries	35,000	33,697	1,303
Insurance benefits	40,300	37,866	2,434
FICA	8,370	8,249	121
Retirement	17,780	17,101	679
Purchased services	56,845	55,481	1,364
Supplies	7,000	6,048	952
Total Educable Mentally Impaired	<u>239,960</u>	<u>233,077</u>	<u>6,883</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (Continued):			
Severally Emotionally Impaired:			
Professional salaries	\$ 59,000	\$ 58,786	\$ 214
Non-Professional salaries	-	-	-
Insurance benefits	20,384	20,013	371
FICA	4,500	4,472	28
RetirEment	9,600	9,507	93
Purchased services	200	181	19
Supplies	2,000	1,581	419
Total Severally Emotionally Impaired	<u>95,684</u>	<u>94,540</u>	<u>1,144</u>
Hearing Impaired:			
Professional salaries	1,300	1,309	(9)
Non-Professional salaries	3,100	3,032	68
Insurance benefits	300	300	-
FICA	340	332	8
Retirement	650	651	(1)
Purchased services	-	-	-
Supplies	-	-	-
Total Hearing Impaired	<u>5,690</u>	<u>5,624</u>	<u>66</u>
Preschool Infant:			
Professional salaries	34,000	34,046	(46)
Non-professional salaries	1,128	1,128	-
Insurance benefits	7,000	6,389	611
FICA	2,650	2,598	52
Retirement	5,500	5,475	25
Purchased services	300	110	190
Supplies	300	172	128
Miscellaneous	-	-	-
Total Preschool Infant	<u>50,878</u>	<u>49,918</u>	<u>960</u>
Autism:			
Professional salaries	9,000	8,963	37
Non-Professional salaries	-	-	-
Insurance benefits	2,600	2,457	143
FICA	770	686	84
Retirement	1,550	1,465	85
Purchased services	-	-	-
Supplies	200	82	118
Total Autism	<u>14,120</u>	<u>13,653</u>	<u>467</u>
TOTAL INSTRUCTION	<u>928,232</u>	<u>913,143</u>	<u>467</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>SUPPORTING SERVICES:</b>			
State Initiated:			
Professional salaries	\$ 31,250	\$ 31,250	-
Insurance benefits	6,500	6,389	\$ 111
FICA	2,390	2,384	6
Retirement	5,100	5,056	44
Purchased services	1,517	1,778	(261)
Supplies	650	549	101
Other	-	-	-
Total State Initiated	<u>47,407</u>	<u>47,406</u>	<u>1</u>
Health Services:			
Professional salaries	47,980	48,145	(165)
Insurance benefits	13,000	12,779	221
FICA	3,750	3,588	162
Retirement	7,900	7,742	158
Purchased services	2,100	1,637	463
Supplies	750	558	192
Other	165	165	-
Total Health Services	<u>75,645</u>	<u>74,614</u>	<u>1,031</u>
Strong Families and Safe Children			
Professional salaries	44,620	43,333	1,287
Non-Professional salaries	-	-	-
Insurance benefits	6,379	6,301	78
FICA	3,508	3,403	105
Retirement	7,093	6,919	174
Purchased services	20,208	20,208	-
Total Strong Families and Safe Children	<u>81,808</u>	<u>80,164</u>	<u>1,644</u>
Social Worker:			
Professional salaries	43,000	42,883	117
Insurance benefits	13,700	13,486	214
FICA	3,250	3,255	(5)
Retirement	6,500	6,461	39
Purchased services	6,550	6,579	(29)
Total Social Worker	<u>73,000</u>	<u>72,664</u>	<u>336</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Psychological Services:			
Professional salaries	\$ 101,570	\$ 101,568	\$ 2
Insurance benefits	27,050	24,989	2,061
FICA	7,950	7,943	7
Retirement	16,500	16,483	17
Purchased services	5,000	4,329	671
Supplies	4,500	3,746	754
Total Psychological Services	<u>162,570</u>	<u>159,058</u>	<u>3,512</u>
Speech & Language Impaired:			
Professional salaries	46,500	44,148	2,352
Insurance benefits	6,300	6,187	113
FICA	3,800	3,625	175
Retirement	3,100	3,042	58
Purchased services	26,500	23,482	3,018
Supplies	3,000	2,102	898
Capital Outlay	-	30,815	(30,815)
Total Speech & Language Impaired	<u>89,200</u>	<u>113,401</u>	<u>(24,201)</u>
Occupational & Physical Therapy:			
Professional salaries	154,990	154,707	283
Insurance benefits	17,900	17,549	351
FICA	11,550	11,499	51
Retirement	23,300	22,734	566
Purchased services	20,250	18,129	2,121
Supplies	1,250	1,374	(124)
Total Occupational & Physical Therapy	<u>229,240</u>	<u>225,992</u>	<u>3,248</u>
IDEA Flowthrough:			
Professional salaries	201,128	198,440	2,688
Non-Professional salaries	460,016	463,996	(3,980)
Insurance benefits	347,751	341,717	6,034
FICA	51,911	50,378	1,533
Retirement	102,499	98,460	4,039
Purchased services	74,470	79,324	(4,854)
Supplies	-	-	-
Other	-	-	-
Total IDEA Flowthrough	<u>1,237,775</u>	<u>1,232,315</u>	<u>5,460</u>
IDEA Flowthrough Carryover:			
Professional salaries	87,812	86,487	1,325
Non-Professional salaries	10,764	11,840	(1,076)
Insurance benefits	27,212	27,530	(318)
FICA	7,505	7,477	28
Retirement	15,657	15,617	40
Purchased services	-	-	-
Supplies	-	-	-
Other	-	-	-
Total IDEA Flowthrough Carryover	<u>148,950</u>	<u>148,951</u>	<u>(1)</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
PL94-142 Preschool Incentive			
Professional salaries	\$ 9,765	\$ 9,762	\$ 3
Non-Professional salaries	15,429	14,894	
Insurance benefits	17,563	18,397	(834)
FICA	1,927	1,729	198
Retirement	4,100	4,002	98
Purchased services	-	-	-
Supplies	-	-	-
Other	-	-	-
Total PL94-142 Preschool Incentive	<u>48,784</u>	<u>48,784</u>	<u>-</u>
Infant Toddler Formula:			
Professional salaries	55,226	61,316	(6,090)
Non-Professional salaries	14,232	14,335	(103)
Insurance benefits	25,196	27,361	(2,165)
FICA	5,315	5,760	(445)
Retirement	11,161	11,951	(790)
Purchased services	17,882	10,479	7,403
Supplies	3,848	1,658	2,190
Other	-	-	-
Total Infant Toddler Formula	<u>132,860</u>	<u>132,860</u>	<u>-</u>
Michigan Rehabilitation:			
Non-Professional salaries	5,000	4,122	878
FICA	380	315	65
Retirement	620	333	287
Purchased services	7,000	8,060	(1,060)
Total Michigan Rehabilitation	<u>13,000</u>	<u>12,830</u>	<u>170</u>
Wraparound:			
Professional salaries	4,663	4,453	210
Non-Professional salaries	-	-	-
Insurance benefits	-	-	-
FICA	366	338	28
Retirement	762	728	34
Purchased services	29,559	28,623	936
Supplies	150	147	3
Total Wraparound	<u>35,500</u>	<u>34,289</u>	<u>1,211</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Transition Specialist:			
Professional salaries	\$ 24,196	\$ 24,190	\$ 6
Non-Professional salaries	13,710	13,655	55
Insurance benefits	250	250	-
FICA	2,900	2,889	11
Retirement	5,994	6,068	(74)
Purchased services	7,450	7,632	(182)
Supplies	2,388	2,202	186
Miscellaneous	-	-	-
Total Transition Specialist	<u>56,888</u>	<u>56,886</u>	<u>2</u>
Respite Care:			
Professional salaries	231	229	2
Insurance benefits	105	95	10
FICA	18	18	-
Retirement	34	34	-
Purchased services	2,702	2,715	(13)
Total Respite Care	<u>3,090</u>	<u>3,091</u>	<u>(1)</u>
Special Education Administration:			
Professional salaries	160,160	159,856	304
Non-Professional salaries	57,450	56,998	452
Insurance benefits	48,300	47,591	709
FICA	16,450	16,611	(161)
Retirement	33,850	33,754	96
Other Benefits	3,500	3,434	66
Purchased services	15,100	13,783	1,317
Supplies	3,000	1,406	1,594
Capital outlay	-	-	-
Other	1,800	1,795	5
Total Special Education Administration	<u>339,610</u>	<u>335,228</u>	<u>4,382</u>
General Administration:			
Professional salaries	30,800	30,793	7
Non-Professional salaries	25,800	25,801	(1)
Insurance benefits	8,600	8,569	31
FICA	3,400	3,205	195
Retirement	9,040	9,040	-
Purchased services	10,450	9,721	729
Supplies	900	695	205
Total General Administration	<u>88,990</u>	<u>87,824</u>	<u>1,166</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
School Administration:			
Non-Professional salaries	\$ 4,500	\$ 4,214	\$ 286
FICA	350	322	28
Retirement	740	678	62
Purchased services	6,000	7,516	(1,516)
Supplies	14,000	11,038	2,962
Total School Administration	25,590	23,768	1,822
Central Services:			
Non-Professional salaries	8,000	7,875	125
FICA	640	628	12
Retirement	1,280	1,260	20
Purchased services	17,000	16,280	720
Supplies	4,000	3,822	178
Total Central Services	30,920	29,865	1,055
Business Services:			
Professional salaries	50,000	49,620	380
Insurance benefits	7,694	7,694	-
FICA	3,800	3,776	24
Retirement	8,000	7,937	63
Purchased services	16,900	18,268	(1,368)
Supplies	300	300	-
Total Business Services	86,694	87,595	(901)
Operation and Maintenance:			
Professional salaries	28,000	28,026	(26)
Non-Professional salaries	43,770	41,583	2,187
Insurance benefits	22,200	22,178	22
FICA	8,200	7,909	291
Retirement	11,500	11,191	309
Purchased services	31,900	21,417	10,483
Supplies	64,000	59,706	4,294
Capital Outlay	3,000	2,787	213
Total Operation and Maintenance	212,570	194,797	17,773
Technology:			
Non-Professional salaries	16,100	16,012	88
Insurance benefits	336	318	18
Retirement	2,300	2,327	(27)
FICA	1,240	1,218	22
Total Technology	19,976	19,875	101

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Other Pupil Services			
Professional salaries	\$ 12,000	\$ 12,009	\$ (9)
Insurance benefits	3,800	4,318	(518)
FICA	920	916	4
Retirement	1,960	1,896	64
Purchased services	2,500	2,500	-
Supplies	-	-	-
Total Other Pupil Services	<u>21,180</u>	<u>21,639</u>	<u>(459)</u>
Transportation:			
Professional salaries	35,033	35,033	-
Non-Professional salaries	702,590	706,105	(3,515)
Insurance benefits	303,000	300,387	2,613
FICA	63,800	63,583	217
Retirement	115,500	114,140	1,360
Purchased services	64,550	65,252	(702)
Supplies	157,000	152,546	4,454
Capital Outlay	87,000	86,546	454
Other	70	220	(150)
Total Transportation	<u>1,528,543</u>	<u>1,523,812</u>	<u>4,731</u>
TOTAL SUPPORTING SERVICES	<u>4,789,790</u>	<u>4,767,708</u>	<u>22,082</u>
OTHER USES - OPERATING TRANSFERS			
Outgoing Transfer:			
Other districts for service	403,418	385,707	17,711
Michigan rehab	21,000	21,000	-
MedBill	22,000	26,638	(4,638)
Total Transfers Out	<u>446,418</u>	<u>433,345</u>	<u>13,073</u>
TOTAL EXPENDITURES	<u>6,164,440</u>	<u>6,114,196</u>	<u>50,244</u>
Operating transfers - School Service	<u>109,851</u>	<u>108,850</u>	<u>1,001</u>
Debt Repayment:			
Principal	86,160	86,160	-
Interest	14,130	14,130	-
Total Principal and Interest	<u>100,290</u>	<u>100,290</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 6,374,581</u>	<u>\$ 6,323,336</u>	<u>\$ 51,245</u>



**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**COMMUNITY SERVICE FUND**  
**SCHEDULE OF REVENUE - BUDGET & ACTUAL**  
June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
LOCAL SOURCES			
Miscellaneous	<u>-</u>	<u>\$ 1,917</u>	<u>\$ 1,917</u>
TOTAL LOCAL SOURCES	<u>-</u>	<u>1,917</u>	<u>1,917</u>
STATE SOURCES			
Work First	-	23,345	23,345
PAL	<u>\$ 209,454</u>	<u>251,656</u>	<u>42,202</u>
TOTAL STATE SOURCES	<u>209,454</u>	<u>275,001</u>	<u>65,547</u>
FEDERAL SOURCES			
Food Stamp	115,344	98,185	(17,159)
Re-Employment Services	32,651	32,578	(73)
Youth Works	336,751	345,579	8,828
Work First	2,018,827	1,892,941	(125,886)
Employment Services	525,894	509,066	(16,828)
Statewide Activity	14,384	14,350	(34)
WIA	625,931	564,954	(60,977)
Other Federal Revenue	<u>198,995</u>	<u>192,735</u>	<u>(6,260)</u>
TOTAL FEDERAL SOURCES	<u>3,868,777</u>	<u>3,650,388</u>	<u>(218,389)</u>
OTHER FINANCING SOURCES			
Incoming transfer - Other funds	<u>-</u>	<u>5,113</u>	<u>5,113</u>
TOTAL REVENUES	<u>\$ 4,078,231</u>	<u>\$ 3,932,419</u>	<u>\$ (145,812)</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**COMMUNITY SERVICE FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2006

	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
Food Stamp:			
Professional salaries	\$ 65,003	\$ 62,132	\$ 2,871
Insurance benefits	12,374	8,491	3,883
FICA	15,288	14,369	919
Purchased services	13,520	3,460	10,060
Supplies	2,134	2,220	(86)
Other	-	-	-
Total Food Stamp	<u>108,319</u>	<u>90,672</u>	<u>17,647</u>
Work First:			
Professional salaries	923,483	889,860	33,623
Insurance benefits	136,591	118,964	17,627
FICA	216,566	205,642	10,924
Purchased services	729,071	705,236	23,835
Supplies	49,122	35,975	13,147
Total Work First	<u>2,054,833</u>	<u>1,955,677</u>	<u>99,156</u>
Employment Services:			
Professional salaries	370,914	357,209	13,705
Insurance benefits	60,899	56,164	4,735
FICA	87,418	82,849	4,569
Purchased services	21,425	21,676	(251)
Supplies	771	770	1
Other	-	-	-
Total Employment Services	<u>541,427</u>	<u>518,668</u>	<u>22,759</u>
WIA:			
Professional salaries	241,517	221,468	20,049
Non-Professional salaries	265,540	249,925	15,615
Insurance benefits	37,337	25,624	11,713
FICA	62,816	55,399	7,417
Purchased services	33,750	30,414	3,336
Supplies	3,519	2,702	817
Other	-	-	-
Total WIA	<u>644,479</u>	<u>585,532</u>	<u>58,947</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**COMMUNITY SERVICE FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL**  
June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Statewide Activity:			
Non-Professional salaries	\$ 9,077	\$ 7,268	\$ 1,809
FICA	695	556	139
Purchased services	-	-	-
Supplies	-	1,552	(1,552)
Other	-	-	-
Total Statewide Activity	<u>9,772</u>	<u>9,376</u>	<u>396</u>
BH Youth Activity:			
Professional salaries	45,922	52,084	(6,162)
Non-Professional salaries	19,281	14,355	4,926
Youth salaries	-	-	-
FICA	26,548	27,506	(958)
Purchased services	70,980	71,720	(740)
Supplies	3,524	5,123	(1,599)
Other	12,000	12,000	-
Total BH Youth Activity	<u>178,255</u>	<u>182,788</u>	<u>(4,533)</u>
WF Three Rivers:			
Professional salaries	58,768	58,768	-
Insurance benefits	7,345	7,345	-
FICA	13,275	13,275	-
Purchased services	41,092	40,776	316
Supplies	72,370	89,908	(17,538)
Other	-	-	-
Total WF Three Rivers	<u>192,850</u>	<u>210,072</u>	<u>(17,222)</u>
TOTAL EXPENDITURES	<u>3,729,935</u>	<u>3,552,785</u>	<u>177,150</u>
OTHER USES - OPERATING TRANSFERS			
Operating transfers-Other funds	348,296	370,733	(22,437)
Operating transfers-Other districts	-	-	-
TOTAL EXPENDITURES & OTHER FINANCING USES	<u>\$ 4,078,231</u>	<u>\$ 3,923,518</u>	<u>\$ 154,713</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SCHOOL SERVICE FUND**  
**SCHEDULE OF REVENUES & EXPENDITURES -**  
**BUDGET & ACTUAL**  
June 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>LOCAL SOURCES</b>			
Breakfast/Lunch	\$ 8,200	\$ 8,301	\$ 101
Sale of fixed assets	-	-	-
Earnings on investments	240	263	23
<b>TOTAL LOCAL SOURCES</b>	<u>8,440</u>	<u>8,564</u>	<u>124</u>
<b>STATE SOURCES</b>			
State restricted	5,082	5,081	(1)
<b>FEDERAL SOURCES</b>			
Federal restricted	22,500	22,800	300
Commodity revenue	-	3,044	3,044
<b>TOTAL FEDERAL SOURCES</b>	<u>22,500</u>	<u>25,844</u>	<u>3,344</u>
<b>TOTAL REVENUES</b>	<u>36,022</u>	<u>39,489</u>	<u>3,467</u>
<b>EXPENDITURES - SUPPORTING SERVICES</b>			
Non-Professional salaries	22,746	22,109	637
Insurance	13,760	13,777	(17)
FICA	5,240	5,106	134
Purchased services	10,250	9,998	252
Supplies	30,000	32,097	(2,097)
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>81,996</u>	<u>83,087</u>	<u>(1,091)</u>
<b>EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES</b>	<u>(45,974)</u>	<u>(43,598)</u>	<u>4,558</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in - Special Education	45,000	44,000	(1,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>45,000</u>	<u>44,000</u>	<u>(1,000)</u>
<b>EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES</b>	<u>\$ (974)</u>	<u>\$ 402</u>	<u>\$ 1,376</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**FIDUCIARY FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2006

	<u>PRIVATE PURPOSE TRUST FUND</u>	<u>AGENCY FUNDS</u>	<u>TOTALS</u>
<b><u>ASSETS</u></b>			
Cash	\$ 28,059	\$ 194,800	\$ 222,859
<b><i>TOTAL ASSETS</i></b>	<b><u>\$ 28,059</u></b>	<b><u>\$ 194,800</u></b>	<b><u>\$ 222,859</u></b>
 <b><i>LIABILITIES AND FUND BALANCE</i></b>			
Liabilities:			
Due to other organizations		\$ 194,800	\$ 194,800
Fund Balance:			
Reserved for programs	\$ 28,059	-	28,059
<b><i>TOTAL LIABILITIES AND FUND BALANCE</i></b>	<b><u>\$ 28,059</u></b>	<b><u>\$ 194,800</u></b>	<b><u>\$ 222,859</u></b>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**ALL AGENCY FUNDS**  
**COMBINING SCHEDULE OF CHANGES IN**  
**ASSETS & LIABILITIES**  
June 30, 2006

	<u>BALANCE</u> <u>7/1/2005</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>6/30/2006</u>
<b><u>STUDENT ACTIVITY FUND</u></b>				
<b>ASSETS</b>				
Cash & Cash equivalent investments	<u>\$ 218,982</u>	<u>\$ 32,438</u>	<u>\$ 56,620</u>	<u>\$ 194,800</u>
<b>LIABILITIES</b>				
Due to school groups	<u>\$ 218,982</u>	<u>\$ 32,438</u>	<u>\$ 56,620</u>	<u>\$ 194,800</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF BONDED DEBT - 1998 ISSUE**  
June 30, 2006

<u>May 15</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL PRINCIPAL &amp; INTEREST</u>
2007	\$ 29,309	\$ 11,282	\$ 40,591
2008	30,712	9,887	40,599
2009	32,175	8,424	40,599
2010	33,705	6,892	40,597
2011	35,310	5,287	40,597
2012	36,990	3,606	40,596
2013	38,750	1,845	40,595
	<u>\$ 236,951</u>	<u>\$ 47,223</u>	<u>\$ 284,174</u>

The above bond issue bears interest at 4.76%. The bond proceeds were used for erecting, furnishing and equipping additions to the existing school buildings and developing and improving the site.

This bond, including the interest hereon, is issued in anticipation of payments appropriated and to be appropriated by the State under Section 11g(3) of Act 94 to the School District (the "State Aid Payments"). The School District hereby pledges and assigns to the Authority all of its rights to and in such State Aid payments as security for this bond and the State Aid payments which are hereby pledged shall be subject to a statutory lien in favor of the Authority as authorized by Act 94. This bond is a self-liquidating bond and is not a general obligation of the School District and does not constitute an indebtedness of the School District within any constitutional or statutory limitation, and is payable both as to principal and interest, solely from such State Aid payments. The School District, as requested by the Authority, hereby irrevocably authorizes the payment of the State Aid payments directly to the Authority's depository.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**

Additional Reports Required By  
OMB Circular A-133

Year Ended June 30, 2006



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# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Robert L. Tuckey, CPA  
Valerie Jamieson Hartel, CPA  
Jamie L. Peasley, CPA

August 11, 2006

To the Board of Education  
Lewis Cass Intermediate School District  
Cassopolis, MI

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lewis Cass Intermediate School District as of and for the year ended June 30, 2006, which collectively comprise Lewis Cass Intermediate School District's basic financial statements of the District's primary government and have issued our report thereon dated August 11, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Lewis Cass Intermediate School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Lewis Cass Intermediate School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain immaterial instances of noncompliance or other matters that we have reported to management of Lewis Cass Intermediate School District in a separate letter dated August 11, 2006.

This report is intended for the information and use of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS



Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
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Robert L. Tuckey, CPA  
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REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

August 11, 2006

To the Board of Education  
Lewis Cass Intermediate School District  
Cassopolis, MI

**COMPLIANCE**

We have audited the compliance of Lewis Cass Intermediate School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Lewis Cass Intermediate School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Lewis Cass Intermediate School District's management. Our responsibility is to express an opinion on Lewis Cass Intermediate School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lewis Cass Intermediate School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Lewis Cass Intermediate School District's compliance with those requirements.

In our opinion, Lewis Cass Intermediate School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2006-1.

To the Board of Education  
August 11, 2006

#### **INTERNAL CONTROL OVER COMPLIANCE**

The management of Lewis Cass Intermediate School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lewis Cass Intermediate School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lewis Cass Intermediate School District as of and for the year ended June 30, 2006, and have issued our report thereon dated August 11, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Lewis Cass Intermediate School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT, CARO, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2005	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2006
Vocational Education - Vocational Basic	84.048	63520601219	\$ 717,044 717,044	-	-	\$ 717,044 717,044	\$ 717,044 717,044	- -
Infant/Toddler Infant/Toddler	84.181 84.181	51340190	129,160 114,208 243,368	\$ 791 791	\$ 103,291 103,291	26,660 114,208 140,868	25,869 114,208 140,077	- - -
State Initiative Competitive State Initiative Competitive	84.027* 84.027*	060490TS 060480E0SD	60,000 50,000 110,000			60,000 50,000 110,000	60,000 50,000 110,000	- - -
Title II-Improving Teacher Quality Title II-Improving Teacher Quality	84.367 84.367	605200506 405200405	377 82 459	82 82		377 82 459	377 377	- - -
Handicapped - IDEA Handicapped - IDEA	84.027* 84.027*	504500405 604500506	1,361,900 1,405,392 2,767,292	32,407 32,407	1,204,802 1,204,802	189,505 1,165,000 1,354,505	157,098 1,299,722 1,456,820	- \$ 134,722 134,722
Title V-Part A Innovative Programs Title V-Part A Innovative Programs	84.298 84.298	602500506 402500405	641 395 1,036	395 395	395 395	641 395 1,036	641 641	- - -

\* = Cluster

The accompanying notes are an integral part of this schedule.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT, CARO, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2005	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2006
U.S. DEPARTMENT OF EDUCATION:								
Passed through Michigan Dept. of Education:								
Preschool Incentive	84.173*	604600506	\$ 51,452			\$ 51,452	\$ 51,452	
Total Passed Through Michigan Department of Education			3,890,651	\$ 33,675	\$ 1,308,570	2,375,364	2,476,411	\$ 134,722
Direct - U.S. Dept of Education:								
Safe Schools/Healthy Students	84.186	S184L020057-05	970,875			208,118	226,590	18,472
Safe Schools/Healthy Students	84.186	S184L020057-04	1,000,000	91,220	715,415	341,882	250,662	-
			1,970,875	91,220	715,415	550,000	477,252	18,472
TOTAL U.S. DEPARTMENT OF EDUCATION			5,861,526	124,895	2,023,985	2,925,364	2,953,663	153,194
U.S. DEPARTMENT OF AGRICULTURE:								
Passed through Michigan Dept. of Education:								
National School Breakfast	10.553		8,198			8,198	8,198	-
National School Lunch	10.555		14,602			14,602	14,602	-
			22,800	-		22,800	22,800	-
Commodity Supplemental Food Program:								
Entitlement commodities	10.550		2,719			2,719	2,719	-
Bonus commodities	10.565		325			325	325	-
			3,044	-		3,044	3,044	-
Passed through Michigan Works:								
Food Stamp Employment & Training	10.561	01-00-4350	112,792	7,579	84,190	36,079	28,500	-
Food Stamp Employment & Training	10.561	05-00-0115	115,792			57,649	69,685	12,036
			228,584	7,579	84,190	93,728	98,185	12,036
TOTAL U.S. DEPARTMENT OF AGRICULTURE			254,428	7,579	84,190	119,572	124,029	12,036

The accompanying notes are an integral part of this schedule.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT, CARO, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2005	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2006
U.S. DEPARTMENT OF LABOR:								
Passed through Berrien Intermediate Schools:								
Entrepreneurship Development	84.048	650W02-01	\$ 34,115	\$ 11,885	\$ 11,885	\$ 34,538	\$ 22,653	-
Perkins III - Tech Prep	84.048	63540601419	23,630			23,630	23,630	-
			57,745	11,885	11,885	58,168	46,283	-
Passed through Michigan Works:								
Employment Services	17.207	03-00-4129	550,300	73,150	523,996	73,150		-
Employment Services	17.207	03-00-4129	145,708			132,234	132,234	-
Employment Services	17.207	05-00-0393	407,134			313,408	376,832	\$ 63,424
Re-Employment Services	17.207	05-00-3326	5,578			5,578	5,578	-
Re-Employment Services	17.207	05-00-0393	27,000			27,000	27,000	-
			1,135,720	73,150	523,996	551,370	541,644	63,424
Youth Works	17.259	00-00-6175	300,000			16,000	38,546	22,546
Youth Works	17.259	00-00-6175	320,371	11,978	475,171	319,011	307,033	-
			620,371	11,978	475,171	335,011	345,579	22,546
Statewide Activity	17.259	03-00-8005	14,383	9,025	14,383	9,025		-
Statewide Activity	17.259	03-00-8003	14,383			9,514	14,351	4,837
			28,766	9,025	14,383	18,539	14,351	4,837
WIA Title I Youth	17.259	00-00-6175	625,539	79,585	554,756	79,585		-
WIA Title I Youth	17.259	00-00-6175	625,931			474,745	564,953	90,208
			1,251,470	79,585	554,756	554,330	564,953	90,208
TOTAL U.S. DEPARTMENT OF LABOR			3,094,072	185,623	1,580,191	1,517,418	1,512,810	181,015

The accompanying notes are an integral part of this schedule.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT, CARO, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2005	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2006
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:								
Passed through Michigan Dept. of Human Services:								
Medical Assistance Programs Title XI								
Medicaid Transportation Reimbursement	93.778		\$ 20,882	\$ 1,263 (47,815)		\$ 6,641 52,585	\$ 5,420 52,585	\$ 42 (47,815)
Medicaid - Administrative Outreach	93.778		20,882	(46,552)	-	59,226	58,005	(47,773)
Passed through Michigan Works:								
Workfirst DHS	93.558	02-00-2687	100,000			84,076	84,076	-
Workfirst	93.558	03-00-2804	1,699,305	102,725	\$ 1,213,570	760,524	657,799	-
Workfirst	93.558	03-00-2804	1,723,077			1,133,104	1,235,143	102,039
			3,522,382	102,725	1,213,570	1,977,704	1,977,018	102,039
TANF work first (Three Rivers)	93.558	04-05	344,876	4,499	239,811	109,434	104,935	-
Food Stamps (Three Rivers)	10.561	04-05	28,367			3,723	3,723	-
Passed through Michigan DHS:								
Wraparound Program	93.556	WRAP05-14001	73,150	6,418	40,076	39,098	32,680	-
Wraparound Program	93.556	WRAP05-14001-2	63,150			40,878	47,406	6,528
			136,300	6,418	40,076	79,976	80,086	6,528
Family Reunification	93.558	FR04-11001-3	202,053			116,071	135,671	19,600
Family Reunification	93.558	FR04-11001-2	202,053	17,773	144,859	69,035	51,262	-
Families First	93.558	FF0311001-3	429,038	29,917	296,178	139,277	109,360	-
Adoptive Family Mentor	93.558	SFSC05-11001	56,451			25,061	33,967	8,906
Adoptive Family Mentor	93.558	SFSC05-11001	24,685	1,630	1,630	15,895	14,265	-
Respite Care	93.558	SFSC02-14004-4	8,290	1,697	5,200	4,787	3,090	-
Respite Care	93.558							
			922,570	51,017	447,867	370,126	347,615	28,506
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES								
			4,975,377	118,107	1,941,324	2,600,189	2,571,382	89,300
TOTAL FEDERAL ASSISTANCE								
			\$ 14,185,403	\$ 436,204	\$ 5,629,690	\$ 7,162,543	\$ 7,161,884	\$ 435,545

TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES

TOTAL FEDERAL ASSISTANCE

The accompanying notes are an integral part of this schedule.



**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**

**Schedule of Expenditures of Federal Awards**

**Provided to Subrecipients**

**Year Ended June 30, 2006**

**84.048 Vocational Education Basic Grant 063520/6012-19**

Van Buren Intermediate School District	\$ 186,432
Berrien Intermediate School District	401,476
Cassopolis	799
Edwardsburg	612
Marcellus	1,175

**\$ 590,494**

**84.048 Perkins III - Tech Prep 63540601419**

Dowagiac	\$ 500
Edwardsburg	415

**\$ 915**

**84-186 Safe Schools/Healthy Students S184L020057**

Cassopolis	\$ 19,837
Dowagiac	49,878
Edwardsburg	110,243
Marcellus	59,273

**\$ 239,231**

**93.778 Medicaid - Administrative Outreach**

Cassopolis	\$ 8,085
Dowagiac	19,696
Edwardsburg	4,912
Marcellus	8,124

**\$ 40,817**

**84.027 Transition Grant**

Dowagiac	\$ 1,567
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**84.048 Entrepreneurship Development**

Cassopolis	\$ 2,973
Dowagiac	8,505
Edwardsburg	192
Marcellus	1,500

**\$ 13,170**

The accompanying notes are an integral part of this schedule.

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lewis Cass Intermediate School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Safe Schools/Healthy Students, CFDA 84.186, Employment Services, CFDA 17.207 and Youth Works, CFDA 17.259 were audited as major programs and represent 27.1% of expenditures.
2. The threshold for distinguishing Type A and B programs was \$300,000.
3. Expenditures on this schedule reconcile with amounts reported in the financial statements and financial reports submitted to the Michigan Department of Education.
4. Management has utilized the R7120, Grant Section Auditors' Report, in preparing the schedule of expenditures of federal awards.
5. The amounts reported on the Receipt Entitlement Balance Report agree with this schedule for USDA donated food commodities.

**NOTE 3 – RECONCILIATION OF FEDERAL REVENUE**

The current year expenditures on the Schedule of Expenditures of Federal Awards agrees to the federal revenue reported in the financial statements, as follows:

Federal revenue per financial statements	<u>\$7,161,884</u>
Federal expenditures per Schedule of Federal Awards	<u>\$7,161,884</u>

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

**Section I – Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified:        Yes   X   No
- Reportable condition(s) identified that are not considered to be material weaknesses?        Yes   X   None reported
- Noncompliance material to financial statements noted?        Yes   X   No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified:        Yes   X   No
- Reportable condition(s) identified that are not considered to be material weaknesses?   X   Yes        None reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133?   X   Yes        No

Identification of major programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**

17.207  
17.259  
84.186

Employment Services  
Youth Works  
Safe Schools/Healthy Students

Dollar threshold used to distinguish between type A and Type B Programs:

\$300,000

Auditee qualified as low-risk auditee?

  X   Yes        No

**Section II – Financial Statement Findings**

None

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

**FINDING NUMBER**

2006-1      Safe Schools/Healthy Students Program – CFDA 84.186 – Fiscal year ended June 30, 2006.

*Condition & Criteria:* In November and December, 2005 the school district requested and received funds in excess of their current operating expenses. The excess cash was not consumed until June of 2006.

*Effect:* Based on current interest rates of 4.5%, the school district would have earned approximately \$3,000 on the excess funds.

*Cause:* Much of this program was passed through to local districts. The school district anticipated that the local districts would be requesting funds much sooner than they did.

*Recommendation:* As noted in our recommendation letter the advance provisions of the Cash Management and Improvement Act have previously been misinterpreted by the Michigan Department of Education. The U.S. Department of Education has notified the State that cash advances are limited to three days cash needs. We recommend the District not request federal funds until after they are spent.



**Lewis Cass Intermediate School District**

*Providing Services Today For A Better Tomorrow*

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North Pointe Fax (269) 782-7727  
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September 5, 2006

**CORRECTIVE ACTION PLAN**

U. S. Department of Labor

Lewis Cass Intermediate School District respectfully submits the following corrective action plan for the year ending June 30, 2006.

Independent accounting firm:

Anderson, Tuckey, Bernhardt & Doran, P.C.  
715 East Frank Street  
Caro, MI 48723

Audit period: Year ended June 30, 2006.

The findings from the June 30, 2006 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS-FEDERAL AWARD PROGRAMS AUDIT**

U. S. DEPARTMENT OF LABOR

2006-1 Safe Schools/Healthy Students Program-CFDA 84.186

*Recommendation:* As noted in our recommendation letter the advance provisions of the Cash Management and Improvement Act have previously been misinterpreted by the Michigan Department of Education. The U.S. Department of Education has notified the State that cash advances are limited to three days cash needs. We recommend the District not request funds until after they are spent

*Action Taken:* We concur with these findings. New policies effective July 1, 2006 will insure that all requests for Federal funds will be submitted after funds have been spent.

---

John Ostrowski, Superintendent

*Equal Opportunity Employer/Programs Auxiliary aids and services as well as written publications in alternative accessible format are available upon request to individuals with disabilities.  
Michigan Relay Center 1-800-649-3777 (Voice and TDD)*

**LEWIS CASS INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2006**

There were no prior audit findings for the year ended June 30, 2005.

# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA

Robert L. Tuckey, CPA  
Valerie Jamieson Hartel, CPA  
Jamie L. Peasley, CPA

August 11, 2006

To the Board of Education  
Lewis Cass Intermediate School District  
Cassopolis, MI 49031-9648

In planning and performing our audit of the financial statements of Lewis Cass Intermediate School District for the year ended June 30, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The comments and suggestions regarding those matters follow. This letter does not affect our report dated August 11, 2006, on the financial statements of Lewis Cass Intermediate School District.

## **Budget Enforcement by the Michigan Department of Education**

The Michigan Department of Education is changing their enforcement and monitoring of budget violations. They are currently focusing on total expenditures violations that exceed 1% of the total expenditures budget and total other financing uses that exceed 1% of the total other financing uses budget. The Department of Education will be issuing letter to school board presidents, the superintendent and the chief business official when they identify these types of violations.

Currently identified violations of the Act include, but are not limited to:

- Incurring expenditures in excess of the appropriation approved by the school board (Overspending your budget by line item).
- Ending the fiscal year with a deficit (negative fund balance).
- Adopting a budget that, when implemented, would put the district in a deficit.

The Department is currently reviewing their interpretation of Section 17(2). This would be a situation where a district's actual revenues were less than budgeted revenues and, at the same time, depleted the district fund balance, beyond what was approved in total by the school board.

We recommend you continue to review your current budget amendments during the year. While there may be technical violations of the act, we believe the district's current budget procedures are excellent.

#### **Cash Management – Federal Awards**

The Michigan Department of Education has recently been notified that it, along with all other states, has misinterpreted the advance provision of the Cash Management Improvement Act (CMIA). The United States Department of Education started monitoring and auditing CMIA compliance and is notifying sub-recipients that advances are limited to three days cash needs. In other words, funds must be spent by the district within 72 hours of being drawn down from the USDE GAPS system. Because of this new awareness, the department will no longer allow 30-day cash advances for ongoing programs during fiscal year 2006/2007. Thirty-day cash advances may be permitted for new one-time federal grant programs at the discretion of program management.

We recommend the District request funds on a reimbursement basis in order to ensure compliance with the revised cash management interpretation.

#### **New Auditing Standards**

Recently, 10 new auditing standards have been released and will become effective over the District's next two fiscal years. In reviewing the new standards, we do not believe, for the most part, they will have a significant impact on our overall audit approach. However, two of the new standards may directly impact the District beginning with the June 30, 2007 year-end.

One of the new standards revises the dating of the auditors' report. Under the old standards, the auditors' report was dated the last day of fieldwork. The new standards define the date as the date adequate audit evidence is obtained. Adequate audit evidence is now being interpreted as including the client's approval of draft financial statements. Although the dating of the report may seem trivial to non-auditors, it does have an impact on auditors' subsequent events work (June 30 through date of auditors' report). The impact to the District could be if there was a long period of time needed to resolve certain open issues. This would extend the dating of the auditors' report and increase the amount of work we need to complete our subsequent events work.

Another standard effective for the June 30, 2007 year-end is related to our communications with the client. The new standard retained the definition of a "material weakness" and added two new categories of deficiencies, "significant deficiency" and "control deficiency". Certain situations were included as examples of strong indicators of significant deficiencies and possibly material weaknesses. One of the situations is the client is unable to write financial statements, including the footnotes, in accordance with generally accepted accounting principles. Historically, we have prepared the financial statements and footnotes for the District. We will have to evaluate the District's ability to produce appropriate financial statements and footnotes and, accordingly, if any control deficiencies exist.



To the Board of Education  
Lewis Cass Intermediate School District

August 11, 2006  
Page three

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various schools district personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Lewis Cass Intermediate School District, management and others within the administration and is not intended to be and should not be used by anyone other than these specified parties

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**